



# Committee On Finance

Max Baucus, Ranking Member

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## NEWS RELEASE

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### **Baucus Outlines Hurricane Katrina Relief Package** *Senator Announces Proposals to Aid Victims in Gulf Coast Region*

(WASHINGTON, D.C.) In efforts to assist the victims of Hurricane Katrina, U.S. Senator Max Baucus released the following proposals to assist the victims of the nation's most devastating natural disaster. Baucus noted the package is designed to provide tax incentives and address healthcare needs in order for those affected in the Gulf Coast region to get back on their feet.

"A little over a week ago, the Gulf Coast region endured a tragedy never seen before in our nation's history. In response to this devastating event, the United States Senate must focus on relief to the victims of Hurricane Katrina. Disease, homelessness, and unemployment threaten this beautiful, economically vibrant area of our country. I look forward to working with my colleagues to deliver swift health and economic relief to the millions affected by this catastrophe to help the rebuilding and healing process to begin.

"I believe that we can do this in several stages. First, we should enact legislation in the next week providing immediate relief to victims through unemployment insurance, health care coverage, temporary cash assistance, and tax relief. Devastated and displaced families should not worry about medical coverage or their next meal.

"Taxpayers and business owners should not be scrambling to comply with IRS deadlines when they are temporarily shut down. It will take some time for many of the affected areas, especially New Orleans, to begin to plan for rebuilding. We should enact legislation that will provide incentives for new homes, roads, businesses, and schools.

"And we should enact incentives to bring more business and workers back to these devastated areas. So, I envision a rebuilding plan for the Gulf Coast region that has both immediate and longer-term legislative solutions.

"Many of these ideas were generated after consulting with Senator Landrieu of Louisiana. I plan to begin work on those today. I have already spoken with Senator Grassley, chairman of the Finance Committee, and I believe we can work together to produce a package of proposals that will help at this critical time."

The Baucus Relief Package Outline follows:

### **Provide Healthcare for Katrina Victims**

- **Immediate Access to Medicaid for Displaced Individuals**
- **Temporarily Extend Federal Funding of Medicaid Drug Benefits for Those dually-eligible for Medicare and Medicaid:** Delay transition of dual-eligibles to Part D.
- **Temporarily Waive Part B and Part D Late-enrollment Penalties Under Medicare**
- **Relax the Income and Assets Test Included in the Medicare Part D Low-income Subsidy Application for Evacuees.**

### **Encourage Health Care Providers to Treat Katrina Victims**

- **Federal Support for Affected States' Medicaid Programs:** States caring for hurricane evacuees should receive full federal support for their Medicaid and SCHIP programs.
- **Compensation to Affected Health Providers:** Providers caring for evacuees should receive federal add-on payments to alleviate the burden of uncompensated care.

### **Help Evacuees Find Temporary Homes, Schools, and Jobs**

- **Assist Homeowners Who Take in Katrina Victims:** Under this proposal, taxpayers would receive half a dependency deduction for each Katrina victim they house for at least 90 days during the tax year. Being claimed as dependent would not affect the victim's ability, however, to claim their own personal exemptions or dependent exemptions for their children.
- **Education Tax Relief:** Room and board, tuition, books and fees provided to students displaced by Katrina will not be included in taxable income.
- **Extend WOTC Eligibility to Katrina Victims:** Under the Work Opportunity Tax Credit (WOTC), employers can claim a tax credit against wages paid to new workers that face barriers to employment such as ex-felons, welfare recipients, high-risk youth, and veterans. This proposal would add potential workers displaced due to the hurricane to the WOTC eligible list, easing the search for employment. The credit max is \$2,400 (40% of first year wages up to \$6,000, or 25 percent of wages if less than 400 hours worked.)

## **Help Ease the Cash Crunch for Displaced Workers**

- **Unemployment Insurance and Disaster Unemployment Assistance (DUA):** Expiring Unemployment Insurance should automatically be extended for victims of Katrina that were out of work prior to the disaster. Disaster Unemployment Assistance, a program in place to provide assistance for victims of disaster, should be expanded to cover more workers. The weekly DUA benefits should be expanded to at least the Federal limit of \$270 a week and coverage should be expanded from 26 weeks to 52 weeks to give victims more time to get back on their feet.
- **Payroll Maintenance Tax Credit:** Under this proposal, businesses with fewer than 50 employees would be eligible for a 50 percent tax credit to continue paying employees even though the business cannot operate during the hurricane rebuilding period. The credit would max out at \$12,000.
- **Make TANF Contingency Fund Accessible for Affected States** – Provide Alabama, Louisiana and Mississippi access to portion of the TANF Contingency Fund, which currently has \$2 billion for financial crises.
- **Waive Penalties Related to Work Requirements and Time Limits for Beneficiaries in Disaster Affected States.** In order to receive TANF assistance, recipients have to perform 30 hours of work a week and have a limited amount of time they are eligible to receive assistance. States could relax these rules for victims of this disaster to ensure people receive TANF assistance.

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